

GOVERNANCE OF THE FOUNDATION

- I. Nonprofit Corporation. The Foundation would be a nonprofit corporation subject to Indiana's nonprofit corporation statute.
- II. No Members. The Foundation would have no members.
- III. Board of Directors. The Board of Directors of the Foundation would consist of seven members who would be appointed as follows:
 - A. Earlham Representatives. The Board of Trustees of Earlham College would appoint two Directors.
 - B. Governor of State of Indiana. The Governor of the State of Indiana would appoint one Director.
 - C. Chief Justice of Supreme Court. The Chief Justice of the Indiana Supreme Court would appoint one Director.
 - D. Hamilton County Judiciary. The judges of the Hamilton County Circuit and Superior Courts would select one Director.
 - E. The Operating Company. The Board of Directors of the Operating Company would appoint two individuals to serve as Directors. However, because the Foundation would choose the initial Board of the Operating Company, the Attorney General would make the initial appointments to the Board of the Foundation on behalf of the Operating Company.
- IV. Qualifications of Directors. Those making appointments to the Board of the Foundation would be required to appoint individuals with the following qualifications:
 - A. A reputation for high personal integrity;
 - B. Expertise and experience relating to the management of investment assets or the operation and management of significant for-profit or nonprofit enterprises;
 - C. An appreciation for Indiana's history and the lessons it may teach future generations; and

- D. An understanding of Eli Lilly's purpose and mission in establishing the Museum.
- V. Staggered Terms. The initial terms of the Directors of the Foundation would be staggered, so that the terms of no more than two directors would expire in any year. After the initial term, each Director would serve for a term of four years.
- VI. Benefits of Governance Structure. The benefits of this governance structure are as follows:
 - A. Earlham can continue to monitor closely the implementation of Mr. Lilly's wishes with respect to the Museum through its representation on the Board;
 - B. Through its representation on the Board, Earlham can continue to influence significantly the decisions affecting the Museum's long-term interests and prospects.
 - C. The Board's small size should enhance its effectiveness.
 - D. The stature of those making appointments and the stated criteria should ensure appointments of high quality.
 - E. The representation of the Operating Company on the Foundation board should establish strong communication between the two entities, but prevent the Foundation from focusing too much on the Museum's immediate operating needs at the expense of its long term prosperity.
 - F. The staggered terms will ensure continuity as directors move on and off the Board.
 - G. A majority of the appointments to the Board will not be made by any one entity or agency (that is, not the Attorney General, not the Operating Company and not Earlham).